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MAY 6 1999

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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John E. Logan

May 5, 1999

Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

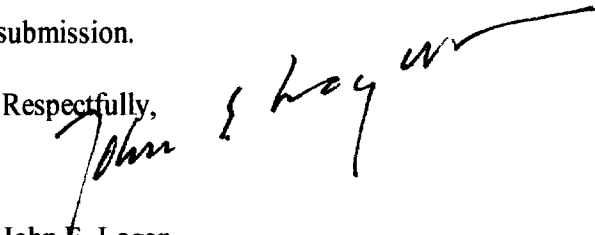
Re: *Ex Parte* Presentation
CC Docket No. 92-237
NSD File No. 98- 151

Dear Ms. Salas:

Today, H.G. Miller, PhD., Vice President, Center for Telecommunications and Advanced Technology, Mitretek Systems, and I, met with Thomas C. Power, Legal Advisor to Chairman Kennard. In our meeting we related the position of Mitretek Systems that Lockheed Martin had failed to adhere to the neutrality standards required of the North American Numbering Administrator. We also explained the position of Mitretek Systems that Lockheed Martin's proposed successor, Warburg, Pincus & Co., would also violate the neutrality standard of the law. Copies of documents discussed at the meeting are attached.

Enclosed are four copies of this submission.

Respectfully,


John E. Logan

Enclosures and Attachment

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Rules	1997 Lockheed Martin Situation	1998 Warburg Pincus Situation
Section 52.12 (a)(1) NANPA may not be an affiliate of any telecommunications service provider	Lockheed owned 16% (valued at \$76M) of Local Space, which provided SKYNET services to a discrete, specific group of former AT&T customers. The Telstar satellites are used, among other things, to provide video teleconferencing and broadcast video distribution	Warburg owns: <ul style="list-style-type: none"> ▪ 34% (valued at \$708M) of Covad ▪ 12% (valued at \$103M) of Espirit Telecom Group ▪ 14% (valued at \$64M) of Primus Telecommunications Group ▪ 6%(valued at \$216M) of NTL Warburg's interests' in telecommunications service providers total over \$1.9B, not accounting for holdings in various Warburg funds, which include: <ul style="list-style-type: none"> ▪ MCIWorldCom ▪ MediaOne ▪ BellSouth ▪ AT&T, Bell Atlantic ▪ Lucent ▪ Global TeleSystems Group
Section 52.12 (a)(2) NANPA and any affiliate thereof may not issue a majority of its debt to, nor may it derive a majority of its revenues from any telecommunications service provider	Lockheed issued no debt to its telecommunications service provider affiliate. Loral Space represented 0.26% of Lockheed's revenue	Warburg, the owner of up to 95% of the CISAC, with Lockheed Martin owning the remaining 5%, has a clear and defined interest with several segments of the telecommunications industry that violates the neutrality standard of the law.
Section 52.12 (a)(3) NANPA may be determined to be or not to be subject to undue influence by parties with a vested interest in the outcome of numbering administration and activities	Due to the small investment and due to Local Space not being a user of numbering resources, Loral Space did not present an undue influence	
Conclusions	FCC ruled that the Lockheed violation was <i>de minimis</i> . If Lockheed or its affiliates in the future offer common carrier services that are more than <i>de minimis</i> in nature, we would reconsider the issue of Lockheed's neutrality under section 52.12 and consider taking action disqualifying Lockheed as the NANPA	NANC concluded that the proposed Warburg NANPA does not meet the neutrality standard and that it is not subject to undue influence The FCC has not yet ruled.
Additional rules proposed by NANC	None	<ul style="list-style-type: none"> ▪ CISAC code of conduct, providing information barriers between the Warburg NANPA and the Warburg telecommunications service provider affiliates ▪ Quarterly neutrality audits of the NANPA ▪ Specification of memberships in Boards of companies owned by Warburg Pincus ▪ 20 day notice of when one of the Warburg Pincus affiliates begins using numbers ▪ Concept of passive versus strategic investment

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APR 28 1999

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

April 28, 1999

EX PARTE

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
The Portals
445 Twelfth Street, SW
Washington, DC 20554

Re: CC Docket No. 92-237/
NSD File No. 98-151

Dear Ms. Salas:

On April 12, 1999, Warburg, Pincus & Co. ("Warburg Pincus"), Lockheed Martin Corporation and Lockheed Martin IMS Corporation (the Parties") submitted for the public record in this proceeding a "Supplemental Response" to reflect in the record certain commitments made by the Parties to the North American Numbering Council ("NANC"). Among other commitments, Warburg Pincus agreed to "notify the FCC, the NANC and a representative designated by all of the LLCs (1) within 20 business days after Warburg Pincus, or any private equity fund controlled by it, (a) acquires an equity interest of 5 percent or more in any telecommunications service provider. . . ."1 While the Commission has yet to implement this Code of Conduct, Warburg Pincus believes that the public interest would be served by submission of information responsive to this commitment to allow the Commission to issue a decision in this docket based on as complete a record as possible.

Accordingly, by and through its undersigned counsel, Warburg Pincus hereby notifies the Commission that it has acquired an approximate 50.6 percent interest in the Four Media Company ("Four Media"), a company that holds a section 214 authorization for international services, as well as three satellite earth

1 See Supplemental Response of Lockheed Martin Corporation, Lockheed Martin IMS Corporation, and Warburg, Pincus & Co., Attachment 2 (Code of Conduct), ¶ 7.

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April 28, 1999
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station authorizations and other FCC authorizations.² On January 20, 1999, Warburg filed applications for FCC approval to acquire control of Four Media.³ The application to transfer control of the section 214 authorization was granted March 24, 1999.⁴ The transaction was consummated on April 8, 1999.

Four Media is a provider of technical and creative services to owners, producers, and distributors of television programming, television commercials, feature films, and other entertainment content in the United States, Canada, and Asia. Four Media does not utilize numbering resources, nor does it provide or carry telephony services. Four Media's FCC authorizations, including its section 214 authorization, are used in the distribution of entertainment content, primarily via satellite. In this regard, Four Media operates a common carrier C-band video-oriented satellite earth station facility with eight transmit/receive antennas and more than 30 transmit chains. Four Media also resells transponder capacity for ad hoc and other occasional use and bundles its transponder capacity with other broadcast and syndication services to provide a complete broadcast package.

A copy of this letter was served upon the individuals identified in the attached certificate of service. Please do not hesitate to contact Michael Jones at 202-429-4787 should you have any questions.

Respectfully submitted,



Philip L. Nerveer
Michael G. Jones

² The 50.6 percent interest in Four Media was acquired through investments by four Warburg Pincus private equity funds, including an approximate 47.8 percent interest to be held through Warburg Pincus Equity Partners, L.P.

³ See e.g., Public Notice, Report No. TEL-00066S, at 2 (File No. ITC-T/C-19990120-00064) (rel. Feb. 17, 1999).

⁴ See Public Notice, Report No. TEL-00077, DA No. 99-578 at 3 (File No. ITC-T/C-19990120-00064) (rel. Mar. 25, 1999).

CERTIFICATE OF SERVICE

I, Dennette Manson, do hereby certify that on this 28th day of April, 1999, copies of the foregoing letter were served by first class mail, postage prepaid, or hand delivered as indicated, on the following parties:

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Deputy Chief
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Federal Communications Commission
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Larry Strickling*
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*Delivered by hand